FOREIGN AGRICULTURE

April 12, 1971

U.S. Farm Exports to EC Climb

Low Prices Boost U.S. Tobacco Imports

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. IX • No. 15 • April 12, 1971

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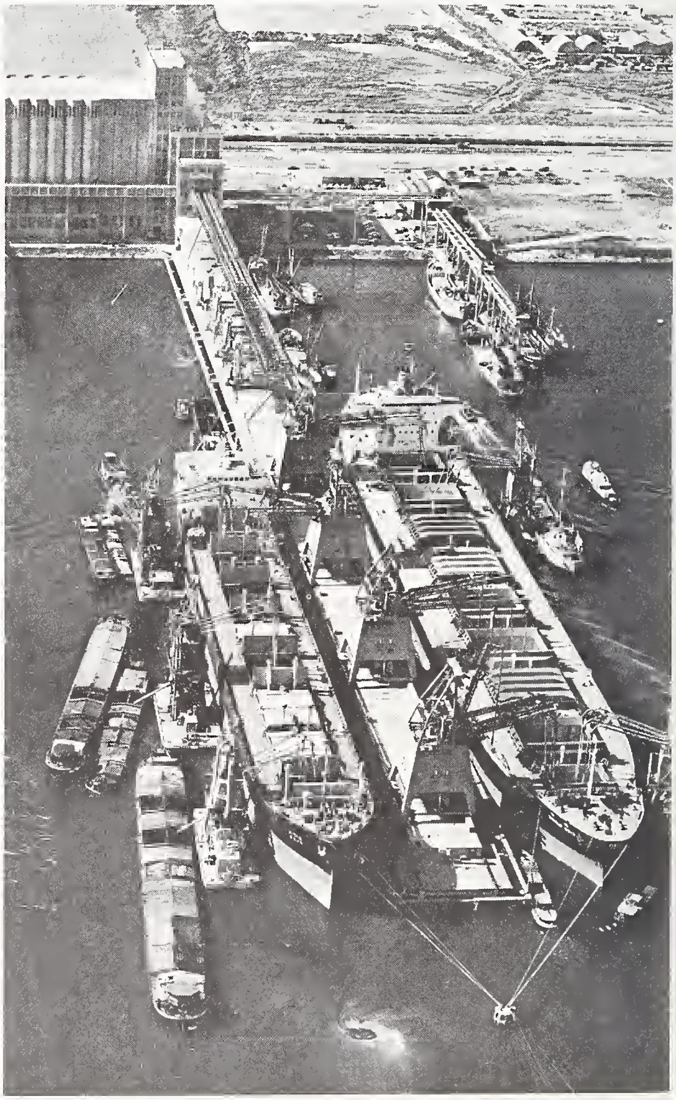
Tobacco curing in eastern Turkey. U.S. imports of tobacco from Turkey and other producing countries have been increasing, primarily because of price competition. See story page 6.

Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (May 1, 1969). Yearly subscription rate, $10.00 domestic, $13.00 foreign; single copies 20 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

U.S. Farm Sales To EC Countries Climb After a 3-Year Decline

Grain shipped to the EC passes through Rotterdam.



By DEWAIN RAHE
Foreign Development and Trade Division
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After declining for 3 consecutive years, U.S. agricultural exports to the European Community rose sharply in calendar 1970, almost reaching the previous record in 1966. Exports of commodities both subject and not subject to the EC's system of variable levies increased in 1970 for a total of $1.56 billion, in comparison with the $1.27 billion of 1969.

Two main factors caused the sharp rise. The first, a short-term development, was a sharp reduction of EC grain production and stocks. Total Community grain supply was down approximately 8 million tons in 1970 from the 1969 level. In addition, U.S. exports, especially of grains, had been unusually small in 1969 because of the longshoremen's strike during January and February 1969 at Gulf and Atlantic ports.

The second was a continuing development—EC livestock industry growth amounting to about 3 percent annually since 1961. Poultry meat production increased 19 billion pounds in 1970 from 17.6 billion in 1969, and pork production was about 5.5 percent above that a year earlier. As a result, the European Community substantially boosted imports of protein concentrates and other feedstuffs.

In addition, economic growth in the European Community continued in 1970, although at a slower pace, with overall industrial production up about 6 percent, compared with the 9-percent increase in 1969. Per capita gross national product rose by over 5 percent from the 1969 level. (France and West Germany have the highest per capita incomes in the European Community. Italy's per capital gross-national-product increase of 5.8 percent was one of the largest last year.)

West Germany was the largest European Community market for U.S. agricultural exports in 1970, taking an estimated $650 million, after transshipment adjustment. The Netherlands, our next best market, took about $450 million worth. An additional quantity of U.S. farm products, with an estimated value of $177 million, was transshipped through the Netherlands to other countries in 1970. Italy, third largest market, took an estimated $215 million in 1970, a considerable drop from the levels of previous years resulting from fewer imports of feedgrains and hides and skins.

U.S. agricultural exports to France totaled around $225 million in 1970. Substantial advances in U.S. soybean and soybean-product exports to that market in recent years have more than offset the sharp reductions registered in cotton exports.

Belgium and Luxembourg combined, smallest and perhaps stablest EC market for U.S. agricultural products, took around $150 million worth in 1970. In addition, an estimated $50 million worth was transshipped from Belgium.

Items subject to variable levies accounted for nearly two-fifths of the total increase in exports to the EC, rising to $454 million, or about one-third above the 1969 level but below the record $642 million established in 1966. (Variable-levy items include feedgrains, wheat, rice, rye, poultry, eggs, beef, veal, pork, lard for food purposes, and dairy products except for fresh milk and cream.) An increase in feedgrain exports accounted for nearly all this gain. Wheat exports also increased, while other variable-levy commodity exports showed relatively little change in value.

Since adoption of uniform grain prices by Community countries in 1967, the trend of variable-levy exports from the United States has been down. These items accounted for 29 percent of total agricultural shipments to the European Community in 1970, up from 27 percent in 1969 but below the 41-percent level of 1966.

Feedgrains. With EC wheat and forage production down, feedgrain production was little changed, and livestock output up 3 percent from the 1969 level. U.S. shipments to the EC increased to $324 million from $225 million in 1969, still below the record $476 million established in 1966. West Germany and the Netherlands accounted for most of this gain. Shipments to Italy were about the same as those a year earlier.

At present, the Community is about 85 percent self-sufficient in feedgrain production. Intra-Community grain trade has expanded sharply since 1962, totaling around 3.8 million tons in 1969-70.

Because of the high cost of grains in the European Community, feed manufacturers have turned to alternate feed materials, to the extent that supplies are readily available. They feed soybean meal liberally, because it is economically priced, and substitute other products not subject to the Community's system of variable levies for high-priced grains. Substitute items include beet pulp, manioc, gluten feed, and corn byproducts.

U.S. exports of corn byproducts to the EC totaled $34 million in 1970, down from $37 million in 1969 but considerably above the less than $1 million in 1960. Most of these exports were starch-manufacturing residues, mainly gluten feed, and are exempt from the European Community's system of variable levies.

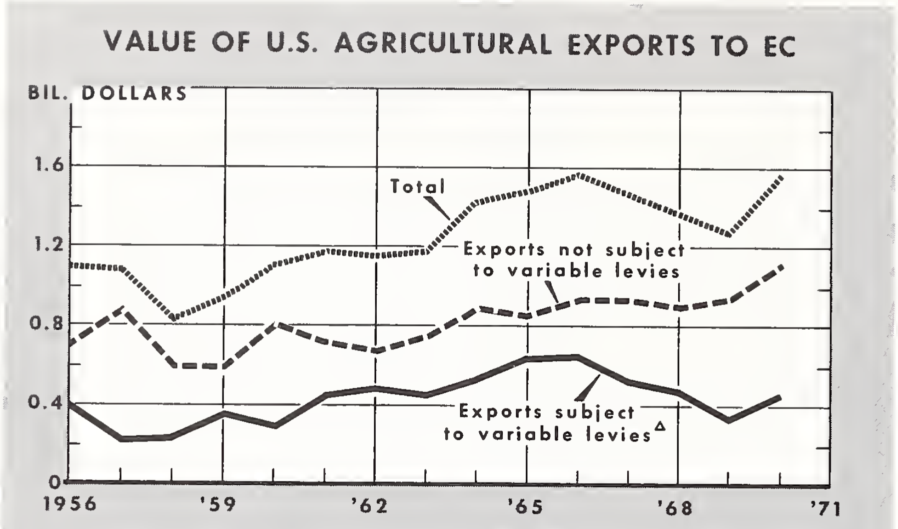
Wheat. Export gains in 1970—to $77 million from $56 million in 1969—focused on West Germany and the Netherlands.

With high wheat price-support incentives, the European Community has become nearly self-sufficient in wheat except in years of poor crops. As a result, wheat exports from the United States to the Community have shown a fairly steady decline since unification of grain prices in 1967, when U.S. sales were $106 million. Before then, U.S. sales varied sharply from year to year, ranging from a 1956 high of $177 million to a low of $45 million in 1959.

However, the European Community has been a rather sizable market for high-protein wheat used for blending with indigenous wheat to obtain desired baking qualities. Moreover, France and Italy have purchased considerable quantities of durum for pasta products. The EC has increased its production of high-protein wheat by developing better seeds and through improved production practices, but competition in this market has been very intense, with more wheat coming from Canada and Australia than in the past.

Rice. Sales to the European Community fell to $21 million in 1970 from a high of $31 million in the preceding year, as Latin American producers greatly increased shipments of highly subsidized rice from the 35,000-ton level of 1969.

Italy and France produce about a million tons of short-grain rice annually, but the increased demand in the European Community has been for long-grain rice, supplied mainly by the United States in recent years. France



△ Includes grains, meats, poultry, and dairy products, except those bound in GATT.

and Italy have developed a long-grain rice, but it still makes up an insignificant part of total rice consumption in the Community.

Poultry. U.S. exports totaled $13 million in 1970, remaining at about the same level as those a year earlier and down sharply from the $53-million peak achieved in 1962. An increase in exports of eggs and live poultry, mainly baby chicks, more or less offset declines for broilers, fryers, and other fresh poultry. Turkey exports of $8.9 million were slightly above those in 1969, but were still below the $17.5-million level achieved in 1965.

Total exports from the United States of other variable-levy commodities showed little net change from the relatively low level a year earlier. Shipments of beef, lard, and dairy products increased slightly, while pork exports were off sharply. There were no rye grain exports in 1970, in contrast to $408,000 for 1969.

U.S. exports of commodities not subject to the EC's variable levies increased to an alltime record of $1.11 billion in 1970 from $929 million in 1969 and the previous record of $931 million reached in 1967. Since 1962, U.S. exports of these products to the European Community have increased an average 6.5 percent a year, owing mainly to larger exports of soybeans and soybean products. Also responsible have been tobacco, nuts and preparations, and corn byproducts.

Oilseeds and products. U.S. exports rose from $500 million in 1969 to a record $665 million. Of this, soybean exports, at a record $409 million, accounted for about three-fourths, and soybean meal gained sharply to $220 million from $183 million in 1969.

Substantial growth in the Western European livestock industry plus specialized livestock production and high grain prices within the Community has stimulated this rise in U.S. exports of soybeans and solbean meal.

At the same time, alternate sources of protein have remained relatively tight. Peanut meal from Africa has been very scarce, with production down in Nigeria, Senegal, and Niger. Although fishmeal production in Peru increased sharply in 1970, exports from Peru have gained relatively little. As a result, about half the protein meal used in mixed feed in the European Community is now supplied by the United States in the form of soybean meal or soybeans for crushing.

Vegetable oils. Total U.S. exports were up to $20 million from $14 million in 1969 reflecting tight world supplies of fats and oils.

Animal fats. Shipments of U.S. tallow, used mostly in the mixed feed industry, more than doubled to $33 million in 1970.

Tobacco. Exports declined to $124 million from $149 million in 1969, owing to a number of factors, including the availability of additional competitive leaf from several sources and the buying policy of the EC, as influenced by the raw-tobacco CAP adopted during the period.

The Community produces only about one-third of the tobacco it uses and the United States is currently its major outside supplier.

The United States gained this large share of the EC market following the 1965 trade sanctions against Rhodesia. Before the sanctions, Rhodesia had rapidly expanded tobacco production and had been a major U.S. competitor, exporting 78 million pounds to the EC in 1965.

Cotton. A decline in export volume was recorded for the third consecutive year, dropping to $19 million from $24 million in 1969 and $313 million in 1960. U.S. exports have suffered because of increased competition from the foreign Free World and a substantial rise in production of manmade fibers within the European Community.

Fruits. Exports from the United States totaled $67 million in 1970, little changed from the previous year's level, owing to (1) increased fruit imports by the EC from preferential Mediterranean countries, (2) increased EC production of many deciduous fruits, and (3) increased competition from other major producers of canned fruits outside the EC, especially Australia and South Africa.

Gains in lemons, citrus juices, dried fruits, canned peaches, and pineapples were about offset by declines in fresh oranges and apples, fruit cocktail, and other canned fruits. Exports of fruit juices rose $3 million to $11 million in 1970.

Vegetables and preparations. An increase in exports—to $22 million from $17 million in 1969—was recorded for 1970. Dried bean exports increased to $8 million from $5.7 million, while dried peas were up to $5.4 million from $4.6 million in 1969. But greater competition, especially from Taiwan, has sharply reduced U.S. shipments of asparagus—down to $431,000 in 1970 from $692,000 in 1969 and nearly $10 million in 1963.

Nuts and preparations. At $22 million, exports were up, mainly because of increased almond sales. U.S. almond production rose sharply in 1970 because of a larger number of trees.

Variety meats. U.S. exports of variety meats, not a variable-levy item, also rose—to a record $42 million in 1970 from $37 million in 1969. Demand for specialty meats to supplement domestic production is very strong in the European Community.

Growing Meat Output Spurs Mixed Feed Production In Spain

In only 10 years mixed feed output in Spain has increased nearly fivefold, making scientifically formulated feed production one of the largest manufacturing industries in the country. Keeping pace with Spain's expanding livestock and poultry production, the industry relies heavily on imported feed ingredients. Nearly all the soybeans used come from the United States, as do substantial quantities of the corn and other feed components.

Currently estimated at 4.5-5 million metric tons annually, Spain's mixed feed is almost all produced as complete feed; less than 2 percent of the output is feed supplements. Meal and mash are the most common forms of commercial formula feed, accounting for 80 percent of the total. Pellets and cubes account for 18 to 20 percent.

About 55 percent of the current feed output is poultry feed, about 25 percent is hog feed, 12-15 percent is cattle feed (primarily for dairy cattle), and about 2 percent is sheep and goat feed. Some specialty feeds are produced for horses, rabbits, and housepets.

Poultry feed, which represented about 75 percent of the total output in the early 1960's, has dropped greatly in relative importance. This is explained largely by the fact that for the past 3 years the supply of poultry and eggs has grown much faster than demand, resulting in a rapid decline in prices. Mixed feed manufacturers have sought to lessen their risks by reducing their dependence on poultry producers. On the other hand, increased demand for meat and dairy products has led to improved feeding for hogs and cattle.

Today, Spain's leading feed manufacturers list up to 50 or more formulations for all classes of livestock and poultry. Major formulations include broiler and layer rations, pig starters and growers, milk replacers for calves, and gestation ewe feed.

In 1970, estimated consumption of major ingredients by the mixed feed industry fell in the following ranges (in million metric tons):

Corn	1.70-1.95
Barley	.69- .76
Other feedgrains	.35- .38
Soybeans and other oilseed meals	.28- .31
Milling byproducts	.28- .31
Alfalfa	.19- .21
Fishmeal	.17- .19
Meatmeal	.06- .07
Powdered milk	.02- .03

Spain imports a substantial amount of the feedgrains used in mixed feed and all of the other various ingredients, with the exception of alfalfa hay and milling byproducts. In 1969-70, Spain imported about 2.2 million metric tons of corn, with 816,000 tons coming from the United States. About 1.2 million tons of soybeans were imported that year—982,000 tons from the United States. Preliminary statistics for this year indicate that the United States shipped 90,558 metric tons of soybeans to Spain in January. It is expected that Spain will import a total of 1.3 million tons of U.S. soybeans in 1971 (marketing year, beginning September 1).

Mixed feed is produced in at least 700 manufacturing establishments throughout Spain. However, official data by the Spanish Government are limited to about 345 mills of which two-thirds produce only 1,000 tons of feed per year. Many mixed feed plants are owned and operated by farm cooperatives; on-farm feed processing is negligible.

There is a wide disparity in the size of feed manufacturing operations, and approximately 70 percent of the country's mixed feed output is produced by only seven companies or groups of companies. Foreign participation in mixed feed firms is fairly important, and at least three of the major producers are wholly or partially controlled by foreign capital.

The Provinces of Tarragona and Barcelona in northeastern Spain, and Madrid and Valladolid in central Spain probably account for about half the country's commercial feed production. In the southern part of the country, Seville is the chief producing Province.

The Spanish mixed feed industry, while expanding rapidly, is not without problems. Feed manufacturers, well accustomed to dealing with stiff competition, presently are struggling against rising industry costs. The retail price of all formulations, which is established by the Government Price Board, has increased by about 10 percent in the past 6 months. This is the result of rising input costs, particularly for ingredients such as soybean meal, feedgrains, and powdered milk. The price squeeze is aggravated by severe drought which has hit hardest in the livestock sector, leaving farmers desperately short of cash.

—Based on dispatch from
Clarence L. Miller
U.S. Agricultural Attaché, Madrid

SPANISH RED MEAT AND POULTRY MEAT PRODUCTION

Item	1965	1966	1967	1968	1969[1]
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Beef and veal	391	436	474	536	560
Pork	586	809	479	502	514
Lamb, mutton, and goat meat	295	293	295	289	284
Total red meat[2]	1,319	1,575	1,724	1,783	1,828
Poultry meat	324	469	567	566	628

[1] Preliminary. [2] Includes horse meat.

Greek tobacco exposed for sun-drying.

Price Competition Affects U.S. Imports of Tobacco

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The United States is the world's largest tobacco exporter and third largest importer but, primarily because of price competition, the gap between exports and imports has been narrowing steadily in recent years.

U.S. unmanufactured tobacco exports in 1970 totaled 510 million pounds, valued at $488 million, and imports were 219 million pounds worth $128 million. On a volume basis exports in 1970 declined about 12 percent from the 1969 level, while imports were up 4 percent.

Exports exceeded imports by almost six times in 1946-50. By 1966-70 exports were a little less than three times imports and were only twice as large in 1970.

Traditionally most U.S. imports have consisted of aromatic oriental-type cigarette tobacco, cigar tobacco, and scrap tobacco used for filler in some cigars. In earlier years all of these types were considered complementary to U.S. production, imparting a certain flavor or other special characteristic in a blend of leaf. However, in recent years some tobacco imports have been competitive with U.S. tobacco production.

Since 1950-54 imports of all foreign-grown tobacco have more than doubled. Cigarette leaf (including flue-cured and burley), which makes up about three-fourths of total U.S. imports, rose from 76 million pounds during the 1950-56 period to 150 million pounds in 1970.

Cigar filler and wrapper leaf, which represented about 16 percent of total imports in the earlier period, has become much less significant with imports totaling only 6 million pounds, or about 3 percent, in 1970.

On the other hand, scrap leaf, which is used mostly for cigar filler, has increased from about 9 million pounds in 1950-54 to 63 million in 1970.

These expanded imports of flue, burley, and scrap, along with a rise in imports of traditional oriental tobacco, have brought about an increase in the use of imported cigarette tobacco from around 6 percent to 8 percent of the composition of U.S.-produced cigarettes in earlier years to about 14 percent at the present time.

Oriental-type tobacco, still the number one import, is used as a mild, aromatic filler in American blended-type cigarettes which have become popular around the world since World War II. Turkey, Greece, and Yugoslavia have consistently been the largest suppliers of this type of leaf to the United States since 1955. These three countries supplied 91 percent of the total in 1970. The average price of oriental tobacco imports from all countries in 1970, excluding tariff duties and shipping charges, was 65 U.S. cents per pound. The average price of U.S. oriental exports in 1970 was 95.7 cents.

Scrap currently makes up the second largest category of U.S. tobacco imports, accounting for a little more than one-fourth of the 1970 total. Scrap imports have been trending upward significantly during the past 20 years. Imports in 1970 were 62 million pounds, up 13 percent from 1969 and about 3.5 times larger than the 18 million pounds imported during the 1955-59 period.

Cuba was the largest supplier of scrap tobacco prior to 1962 but, since the embargo on imports from Cuba, the Philippines has become the largest supplier.

Most of this leaf scrap is used as cigar filler, but some of it, such as that from Greece and Turkey, apparently is cheaper leaf screenings intended for use in cigarette manufacture.

Imports of scrap from Greece and Turkey have risen steadily from 1.6 million pounds in 1965 to over 12 million pounds in 1970.

The average price of scrap imports in 1970 was 35 U.S. cents per pound. The Philippine scrap imports were brought in at 32 cents, and a sizable quantity of Philippine leaf was imported at about 3 cents per pound. Other prices ranged from 9 cents for Turkish scrap to 66 cents for Dominican Republic scrap.

Flue-cured and burley, U.S. leaders in world tobacco markets, made up a significant category of U.S. tobacco imports in 1970. Hardly any of this type of tobacco was imported prior to 1960. Imports totaled 24,000 pounds in 1960

and rose steadily to 7.8 million pounds in 1970.

Price competition is the basis of this trade because the quality of U.S. leaf is far superior to foreign production.

The average price of flue-cured and burley imports in 1970 was 23 U.S. cents per pound. Brazil was the largest source with an average price of 23 cents. Canada was the next largest supplier with an average price of 19 cents, and South Korea was third with an average price of 35 cents.

Imports of this type are expected to increase further in the year ahead because arrivals into bonded warehouses during the past year were almost double the quantity of duty-paid imports.

Cigar wrapper and filler made up a relatively large part of U.S. tobacco imports prior to the embargo placed on trade with Cuba. Imports of this type of tobacco declined substantially in the early 1960's with the development of homogenized leaf in the U.S. and other technological improvements in the manufacturing industry which substantially reduced the requirements of leaf per unit of product output.

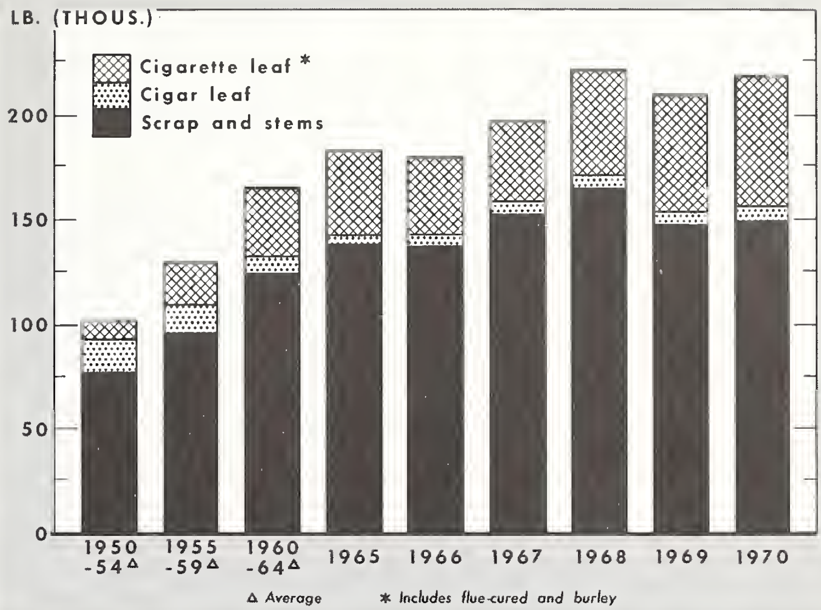
Some stocks of Cuban leaf still remain in holdings of U.S. manufacturers; but they dropped to 1 million pounds at the beginning of 1970.

Cigar wrapper is the most expensive type of tobacco imported by U.S. processers. The average price of these imports from major suppliers in 1970 ranged from \$3.04 per pound for Honduras and Nicaragua to \$7.57 for Indonesia.

The United States also imports small quantities of tobacco stems. These imports have generally varied between one-half million and 1.5 million pounds since 1950. The average value in 1970 was 8 cents per pound. There is no import duty on tobacco stems.

Tariffs on U.S. tobacco imports are among the world's lowest. Oriental leaf, which makes up the bulk of U.S. imports, is now taxed at 11.5 cents per pound. This duty was reduced in the Kennedy Round of the General Agreement on Tariffs and Trade (GATT) negotiations from 12.75 cents. Unstemmed flue-cured and burley, increasingly competitive with U.S. production, comes in at 12.75 cents. Other U.S. tariffs on unblended, unmanufactured tobacco from countries which are members of GATT range from \$1.55 per pound for stemmed-cigar wrapper to no tax for stems.

U.S. IMPORTS OF TOBACCO FOR CONSUMPTION



U.S. leaf is known and demanded by all foreign tobacco buyers for its outstanding quality, flavor, and aroma, and the price of U.S. leaf is substantially above most other tobaccos in world trade. The American blend cigarette, which is in demand in most markets of the world, requires the full-bodied, high-quality U.S. leaf in the tobacco blend to impart the flavor demanded by consumers.

As the price of U.S. leaf increased

COST COMPARISON: IMPORTED CIGARETTE LEAF WITH EQUIVALENT U.S. LEAF VALUE

Item	Value	
	Unstemmed equivalent	Stemmed leaf or strip [1]
	Cents per pound	*Cents per pound*
Imported cigarette leaf:		
Import cost value (1970)	60.5	[2] N.A.
Insurance, freight, storage, etc.	5.2	N.A.
U.S. import duty	11.5	N.A.
Leaf cost (processing weight)	79.8	N.A.
Imported flue-cured and burley:		
Cost value of leaf (1970)	31.9	41.3
Insurance, freight, storage, etc.	5.2	5.2
Import duty	12.75	[3] 12.75
Stemming cost	—	6.5
Leaf cost	49.85	65.75
U.S. flue-cured: [4]		
Flue-cured (farm weight auction price 72.4)	82.4	106.7
Leaf buying overhead and administrative cost (est.)	2.5	2.5
Redrying, packing, and stemming cost	7.5	9.5
Storage cost (12 mo.) including innage and outage	.6	.6
Leaf cost	[5] 93.0	119.3

[1] Based on a stem leaf conversion factor of 1.295 to unstemmed equivalent. [2] N.A. = Not applicable because oriental leaf is not stemmed before manufacture. [3] Import duty is based on unstemmed leaf. [4] Approximates burley prices. [5] This strip cost may be reduced by blending in processed stems.

with supply management and guaranteed price supports, many foreign producing areas expanded production of U.S. leaf types. These foreign areas first tried to supply more of their own requirements, but recently have been encouraged by more interest in export sales due to price competition and the need for foreign exchange.

Increasing quantities of U.S. types of leaf, primarily flue-cured and burley used in cigarette blends, from foreign suppliers are made available to major world markets at substantially lower prices than U.S. leaf. In the Western European markets and most other developed areas, these foreign supplies of flue-cured and burley leaf are being traded at about one-half the U.S. price. Exports of U.S. flue-cured leaf averaged about $1.03 per pound in 1969 while competitive flue-cured was exported from South Korea at 30 cents, India 42 cents, Zambia and Malawi at about 45 cents, and Mainland China at 25 cents.

Increasing quantities of this foreign leaf are finding a market in the United States primarily because of price competition. Although U.S. supplies of flue-cured and burley leaf are more than adequate for current domestic requirements, the cheaper foreign-grown leaf is being imported duty-paid in increasing quantities either in competition with U.S. leaf in the manufacture of domestic products or for special handling, processing, and reexport. However, available information does not indicate the extent to which these tobaccos may be reexported to foreign areas in the form of bulk leaf or in some other processed form.

In a cost comparison of U.S. imports of cigarette leaf with comparable U.S. leaf, the competitive price advantage of foreign leaf is readily evident. Even with all major costs, including duty, the cost to U.S. purchasers of imported oriental-type cigarette leaf is about 15 percent less than U.S. flue-cured leaf in unstemmed form. Imported flue-cured and burley leaf costs are only about two-thirds of the comparable U.S. flue-cured costs either in unstemmed form or in strip form.

If U.S. prices continue to increase each year and foreign prices remain low we can expect the suppliers of foreign-grown tobacco to give us even greater competition both in our own domestic markets as well as in foreign markets in the years ahead.

Fruit and Vegetable Show at London Trade Center Features Telex Link

Telex linked U.K. produce buyers and growers in the United States during a special exhibition at the U.S. Trade Center in London in mid-March. Purchase inquiries from British buyers examining out-of-season produce from California, Texas, and Florida were flashed by Telex to market specialists at the U.S. Department of Agriculture in Washington. They in turn channeled the inquiries to potential U.S. exporters via appropriate State departments of agriculture.

The "Telemart" Telex link at the Trade Center led to 41 requests for information about a large variety of fresh fruits and vegetables, including some which are relatively rare in British markets, such as passion fruit, mangoes, papayas, and avocados. Most popular products based on inquiries sent from London were onions, strawberries, celery, asparagus, lettuce, and carrots.

In the few instances where State officials were unable to respond to inquiries with price information, the USDA used the computerized Trade Opportunity Referral System to provide a list of producers for the buyer to contact.

A USDA spokesman in London commented, "This is the first time we have attempted to establish direct links between produce exporters and buying points in Britain. The visitor to the exhibition was encouraged to make his inquiry at the moment he was handling the sample, and we believe that a considerable volume of sales will accrue from this new approach to selling. . . . This new system, which can be installed at any promotional center, makes sure that interest is converted into action right at the point of contact."

The London Attaché's office is making a postexhibit check with tradesmen using the Telex service to determine the volume of sales resulting from the service.

As a result of transportation techniques developed in the United States for internal distribution of perishable products, it is now possible by the use of intermodal containers to deliver such products in much better condition to foreign markets. A major problem, as yet unsolved, is an efficient system to coordinate the movement of these containers from one mode of transportation to another. Freight costs have been high, but as volume develops, it is hoped that the travel time of a container can be materially reduced and thus decrease these costs.

This was the theme of the transportation seminar which formed part of the exhibition. Also discussed were the physical requirements of shipping containers as well as the effects of time, temperature, and predispatch treatment on produce quality.

Canada Changes Health Rules for Livestock

Canada has announced changes in health regulations to prevent imports of U.S. livestock infected with anaplasmosis and bluetongue. Both diseases are relatively rare in the United States.

Under regulations announced on February 26, 1971, by the Canada Department of Agriculture, health certificates accompanying livestock imported from the United States must be signed by a veterinarian authorized by the U.S. Agricultural Research Service certifying that animals meet the new requirements.

The new requirements are: The herd of origin has been inspected and found free of infection; anaplasmosis has not existed in the herd for the preceding 2 years; bluetongue of sheep and goats has not been present in the State of origin for the preceding 12 months; and the animal has undergone specified laboratory tests with negative results for both diseases within 30 days prior to being exported.

An outbreak of anaplasmosis during 1968 was reportedly eradicated from infected herds in Canada and no outbreak of bluetongue has ever been officially recognized in Canada.

Other import regulations require that cattle be free from brucellosis and tuberculosis. Sheep and goats and their flock must not be infected by scrapie or scabies.

The international movement of livestock is a characteristic of the industry and, as more disease control and diagnostic methods become available, the risk of introducing foreign animal diseases will be reduced.

CROPS AND MARKETS

Grains, Feeds, Pulses, and Seeds

Weekly Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	April 7	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.99	0	1.98
USSR SKS-14	1.98	0	(1)
Australian FAQ	1.86	0	1.70
U.S. No. 2 Dark Northern Spring:			
14 percent	1.99	0	1.83
15 percent	2.03	+1	1.95
U.S. No. 2 Hard Winter:			
13.5 percent	2.01	+1	1.77
USSR-441 Yellow Winter	(1)	(1)	(1)
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	1.77	−7	1.68
Feedgrains:			
U.S. No. 3 Yellow corn	1.68	−3	1.57
Argentine Plate corn	1.69	−4	1.56
U.S. No. 2 sorghum	1.44	−6	(1)
Argentine-Granifero sorghum	1.44	−5	1.32
U.S. No. 3 Feed barley	1.43	0	1.10
Soybeans:			
U.S. No. 2 Yellow	3.27	−9	3.04
EC import levies:			
Wheat	1.51	+4	1.71
Corn [2]	.89	+6	1.53
Sorghum [2]	1.02	+6	1.11

[1] Not quoted. [2] Until Aug. 1, 1972, Italian levies are 19 cents a bu. under those of other EC countries.
Note: Basis—30- to 60-day delivery.

Grain Stocks Down in Exporting Countries

Grain stocks in the United States, Canada, Argentina, and Australia on January 1, 1971, totaled 230 million metric tons, 11 percent below the 1970 record and 3 percent below the 1969 total.

1970 GRAIN STOCKS OF SPECIFIED COUNTRIES

Item	United States	Canada	Argentina	Australia	Total
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Wheat	38,575	29,497	5,129	14,501	87,702
Rye	1,038	676	125	—	1,839
Barley	8,294	8,626	381	2,650	19,951
Oats	13,266	5,488	351	2,125	21,230
Corn	95,040	2,200	2,016	—	99,256
Total	156,213	46,487	8,002	19,276	229,978

Wheat stocks declined 15 percent, barley 5 percent, and corn 11 percent. Stocks of oats gained 1 percent and rye 14 percent.

A detailed table and an analysis were published in the March issue of *World Agricultural Production and Trade—Statistical Report.*

World Wheat Crop Up Slightly

The 1970 world wheat harvest is estimated at 288 million metric tons, barely above the 1969 crop.

An almost record wheat crop in the Soviet Union, up 28 percent, served to maintain the world total at a high level. Wheat production was also higher in Asia and Africa. The West European crop was off 3 percent, and all other areas showed more substantial declines.

A detailed table and an analysis were published in the March issue of *World Agricultural Production and Trade—Statistical Report.*

WHEAT PRODUCTION IN SPECIFIED AREAS

Area	1969	1970
	1,000 metric tons	*1,000 metric tons*
Canada	18,623	9,022
United States	39,740	37,516
South America	10,166	7,925
Western Europe	45,199	43,680
Eastern Europe	25,427	22,521
USSR	62,300	80,000
Africa	6,537	7,363
Asia	66,272	69,134
Oceania	11,113	8,804
Others	2,035	2,128
Total	287,412	288,093

Sugar and Tropical Products

Indian Sugarcane Crop Lower

Sugarcane production in India for the 1970-71 season will probably be somewhat below that of the previous season. The dry weather from October through January adversely affected the crop but rains during February resulted in some improvement. Sugar production may be about 5 million short tons for 1970-71 compared with 5.5 million for 1969-70.

The all-India "second" official estimate for sugarcane area for 1970-71 was placed at 2,553,000 hectares (6,308,000 acres), up only 0.6 percent from 1969-70.

Angola Coffee Export Value at New High

Angola's 1970 coffee exports reached an alltime high in value. At 3.9 million contos (about US$136.5 million) they compared with 3.2 million contos (about US$112 million) in 1969. The quantity of coffee shipped in 1970 totaled 180,649 metric tons, down slightly from the 182,836 tons in 1969. Exports in 1970 were on the basis of 85 percent to traditional markets, 9.7 percent to domestic markets, and the remainder to new markets.

Dairy and Poultry

Lower Milk Output Forecast for Canada

Government policy will be the most important factor influencing the 1971 outlook for the Canadian dairy industry. Canadian authorities are inclined to think that the market-sharing quota system recently agreed to by Ontario and Quebec is likely to have a depressing effect on milk production in these two Provinces. Milk production is expected to decline further in the Atlantic Provinces, particularly in New Brunswick; stabilize in the Prairie region; and increase slightly in British Columbia. For Canada, the net result is likely to be a 1971 production total a little below the 18,600 million pounds produced in 1970.

Canadian officials expect that fluid milk and cream sales will continue to increase. Cheddar cheese production is expected to hold even with the 1970 total of 166 million pounds, but consumption will probably rise, leaving less for export. Canadian-made specialty cheeses are likely to take a larger share of the domestic market in 1971 and cottage cheese production is expected to continue to increase. Ice cream sales are expected to rise but this is likely to be offset by declines in concentrated products. It is probable that a smaller volume of milk will be available to make creamery butter in 1971. Thus the volume of skim milk available for production of nonfat dry milk and casein will be reduced. In 1970, production of creamery butter totaled 328 million pounds compared with 350 million pounds in 1969. The decline in butter consumption in Canada should almost be halted this year but Canada is still expected to produce a surplus of 10 to 12 million pounds.

Production of skim milk powder in 1970, at 362 million pounds, was 8 percent below the 1969 output. Partly for this reason, quantities available for export from Canada should be down sharply from the high levels of 1967-70. Exports are still expected to total at least 160 million pounds. World demand for this product is increasing and prices are expected to be much firmer than during the past 2 years. Casein production in 1970 was slightly less than 9 million pounds, about 20 percent below the 1969 volume.

Cotton

U.S. Raw Cotton Exports Higher in February

Exports of raw cotton from the United States totaled 455,000 running bales in February, compared with 441,000 bales in January and 325,000 bales in February 1970. The February 1971 total is the largest registered for any month since April 1969.

Exports during the first 7 months (August-February) of the 1970-71 market year amounted to 1,864,000 bales, up 28 percent from the 1,461,000 bales shipped during the same period in 1969-70. Countries that accounted for the major part of the increaseare: Japan, up 110,000 bales; Hong Kong, 78,000; Canada, 61,000; Taiwan, 52,000; and Thailand, 49,000. Increased U.S. exports are attributed mainly to a sharp drop in the foreign non-Communist supply for 1970-71 and availability of U.S. cotton at competitive price levels during the first half of the current season.

U.S. COTTON EXPORTS BY DESTINATION

[Running bales]

Destination	Year beginning August 1				
	Average			Aug.-Feb.	
	1960-64	1968	1969	1969	1970
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	0	0	0	0
Belgium & Luxembourg	121	30	19	12	29
Denmark	14	1	(1)	(1)	(1)
Finland	17	3	6	5	1
France	319	88	30	22	25
Germany, West	269	31	26	19	42
Italy	345	62	46	29	33
Netherlands	110	19	19	12	20
Norway	13	5	1	1	1
Poland	125	106	51	34	0
Portugal	21	8	2	2	(1)
Romania	2	0	46	0	27
Spain	74	5	4	2	8
Sweden	81	51	37	28	18
Switzerland	74	32	15	10	26
United Kingdom	244	48	38	17	44
Yugoslavia	112	54	0	0	0
Other Europe	15	7	4	2	7
Total Europe	1,979	550	344	195	281
Algeria	9	27	11	10	10
Australia	61	0	(1)	(1)	(1)
Bolivia	7	0	0	0	0
Canada	353	108	181	96	157
Chile	18	(1)	1	1	(1)
Colombia	3	(1)	(1)	0	(1)
Congo (Kinshasa)	6	0	0	0	0
Ethiopia	9	9	1	1	1
Ghana	1	17	27	27	19
Hong Kong	148	194	61	36	114
India	314	174	261	107	81
Indonesia	40	105	242	116	71
Israel	15	1	(1)	(1)	(1)
Jamaica	4	2	2	2	1
Japan	1,192	536	623	387	497
Korea, Republic of	261	447	455	259	253
Morocco	12	19	28	8	16
Pakistan	14	1	16	8	0
Philippines	123	119	146	48	58
South Africa	41	9	4	1	12
Taiwan	209	259	193	75	127
Thailand	34	66	54	17	66
Tunisia	2	0	5	5	0
Uruguay	6	0	0	0	0
Venezuela	8	(1)	(1)	(1)	6
Vietnam, South	46	62	99	51	62
Other countries	9	26	14	11	32
Total	4,924	2,731	2,768	1,461	1,864

[1] Less than 500 bales.

Australian Cotton Damaged by Floods

The 1970-71 Australian cotton crop is now expected to be less than 75,000 bales as a result of heavy rainfall and floods. This crop is down nearly 40 percent from the 122,000-bale crop a year earlier and less than half the 160,000 bales expected before the floods came. Local mill consumption has averaged around 130,000 bales in recent years, including about 15,000 bales of imported extra-long staple cotton. Imports of upland cotton could reach 50,000 bales, depending on the amount that may be released from the Government's strategic stockpile for mill use.

Fruits, Nuts, and Vegetables

Smaller Chilean Canned Fruit Pack

Chile reports 1970 canned deciduous fruit production declined slightly but remained above the 1968 level. Production is estimated at 612,000 cases (each holding 24 cans, size 2½). 3 percent below the 1969 pack of 629,000 cases. Canned peach production totaled 558,000 cases, barely below the 1969 level. Current reports indicate abundant 1971 canning fruit crops. However, higher labor and material costs are expected to combine with domestic price controls on certain canned fruits to hold 1971 canned fruit production at approximately the 1970 level.

CHILEAN CANNED DECIDUOUS FRUIT PRODUCTION

Item	1967	1968	1969	1970
	1,000 cases[1]	*1,000 cases*[1]	*1,000 cases*[1]	*1,000 cases*[1]
Peaches	563	513	563	558
Other	69	65	66	54
Total	632	578	629	612

[1] Case holds 24 cans, size 2½.

West German Canned Pear Tender

West Germany has announced a tender allowing imports of canned pears in containers of less than 4.5 kilograms (approximately 9.92 lb.).

Applications for import licenses will be accepted until an undisclosed value limit is reached, but not later than September 28, 1971. Licenses issued will be valid until September 30, 1971. Products containing added sugar are subject to the respective European Community regulations.

U.K. Hop Production Up in 1970

Hop production in the United Kingdom totaled 25.5 million pounds in 1970, approximately 13 percent above the 1969 level. Hop area, at 17,213 acres, was 3 percent larger than that a year earlier. The production gain is due mainly to improved yield per acre, which averaged 1,540 pounds in 1970 against 1,404 pounds in 1969.

Greek Table Olive Production Down

Estimates place the 1970 Greek table olive crop at 48,000 short tons, the smallest harvest since 1962. Quality is reported to be very good, with an unusually high percentage of large fruit. Exports in 1970-71 are projected at 17,500 tons, slightly above last season's 16,600 tons.

Olive acreage continued to expand with more than 100,000 trees planted in 1970. Approximately 25 percent of the new acreage is comprised of densely planted dwarf trees.

Smaller Spanish Table Olive Harvest

Spain's 1970 table olive production is placed at 55,000 short tons, 17 percent below the 1969 harvest. Production of exportable varieties is estimated as follows: Manzanillas and similar kinds, 36,500 tons; Queens, 10,000 tons; and others, 5,500 tons. Quality is reported to be good.

Estimates place the 1969-70 exports at a record 66,100 tons. Shipments to the United States and Canada are believed to have accounted for 75 percent of these sales. Exports for 1970-71 are projected at 44,000 tons.

Chilean Dried Fruit Production Up

Chile reports a larger 1971 dried fruit crop, forecast at 8,200 short tons. This is 4 percent above the 1970 crop of 7,900 tons, but still below average.

The larger crop is a result of better weather conditions than last year. Rainfall was moderate and only slight frost damage occurred in the Curico and O'Higgins areas. Larger crops of dried prunes and peaches are reported. Current forecasts indicate prune production of 5,300 tons and peach production 1,800 tons.

DRIED FRUIT PRODUCTION IN CHILE

Item	1968	1969	1970	1971[1]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Prunes	5.8	5.5	5.2	5.3
Peaches	1.8	1.8	1.7	1.8
Raisins	.8	.8	.8	.8
Other	.5	.3	.3	.3
Total	8.9	8.4	[2] 7.9	8.2

[1] Forecast. [2] Total does not add due to rounding.

Crops and Markets Index

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Foreign Agriculture

Japan Speeds Kennedy Round Cuts on Turkeys, Canned Fruits and Juices, and Baby Chicks

The Japanese Government has decided to implement the final Kennedy Round tariff cuts in April, 9 months ahead of schedule.

This will finalize duty cuts on a number of items of interest to U.S. traders, including tallow (to a new duty rate of 2.5 percent), baby chicks (free), raisins for retail sale (to 10 percent), safflowerseed (to 2.5 percent), alfalfa meal pellets (free), canned fruit items (to 20 or 25 percent), vegetable and tomato juices (to 17 percent), and whole turkeys (to 15 percent).

The most important item on which the United States obtained a concession from Japan—soybeans—had already been reduced to the final Kennedy Round rate of $6.67 per metric ton (about 6 percent ad valorem equivalent) in May 1970. Sweet almonds were also reduced in the Kennedy Round to 10 percent but this is being reduced to 9 percent as a result of tariff negotiations on chewing gum.

The value of exports of soybean and soybean products to Japan rose significantly from the 1969 level—from a total of $203 million to last year's level of $313.8 million.

U.S. global exports of almonds have grown steadily over the last few years, from $14 million in 1967 to over $45 million in 1970. Japan accounted for about 15 percent of the 1970 total, taking about $6.7 million worth.

Safflowerseed exports to Japan also showed a large increase in value in 1970. In 1969, safflower exports amounted to $3 million. A year later they had increased to $4.9 million, a jump of nearly $2 million.

U.S. sales of turkey meat to Japan are small but are growing rapidly owing to the cooperative promotional efforts of the U.S. industry and the USDA. In 1970 whole turkey exports amounted to about $326,000, a jump over 1969 exports worth $43,742.

Shipments of alfalfa meal to Japan increased by more than $4 million between 1969 and 1970. In 1970, exports of alfalfa meal to Japan totaled $23.5 million.

Baby chick exports rose from $3.3 million in 1969 to $3.8 million in 1970.

Brazil Beef Exports

Beef became Brazil's fifth most important export in 1970 with an export total of 114,862 metric tons valued at $85.4 million. There has been a steady annual increase in Brazilian beef exports since 1967. Further increases in beef exports, however, can not be precisely forecast for the near future.

Success in the export market has diverted beef from domestic trade. To stabilize price to consumers, a ceiling on beef exports was set in January 1971.

Italy, Portugal, and the Netherlands were the principal markets until 1969.

Processed beef exports increased slightly from 15,241 metric tons in 1969 to 16,552 metric tons in 1970. The United States permits only imports of cooked (processed) beef and is the principal market for this category.

Korea Plans Increase Of "Yang Gok" in 1971

Korea has established a goal of producing 15 percent more staple food, or "yang gok," in 1971 than in 1970, primarily rice, barley, and wheat. In addition to producing more of these commodities, the Ministry of Agriculture and Forestry also projects an increase in rice imports.

The increase in rice production accounts for 54.6 percent of the total planned gain of 1,120 metric tons of "yang gok" crops. The goal for the 1971 rice crop is 4,551,000 metric tons—15.5 percent more than the small 3.9-million-metric-ton crop in 1970, which had been reduced by unusually heavy rains during harvest. To reach this goal, the Ministry of Agriculture and Forestry said it would be necessary to achieve full use of new, high-yield IR 667 seed under ideal conditions. Farmers who produce IR 667 in 1971 will be paid a 20-percent bonus following harvest.

Because of the disappointing 1970 crop, the Koreans expect to import a total of 800,000 tons of brown rice in 1971. The imports will be used partly by the Government to implement its new price stabilization plan. The imported rice is expected to come from the United States and Japan on concessional terms.

A smaller increase of 8.8 percent, to 2,560,000 metric tons, is projected for the wheat and barley crop. For the last 2 years Korean wheat imports have been slightly more than 1.1 million metric tons a year. Almost all of this has come from the United States.